

AMENDED IN ASSEMBLY JUNE 25, 2014

AMENDED IN ASSEMBLY JUNE 16, 2014

AMENDED IN SENATE APRIL 21, 2014

**SENATE BILL**

**No. 1077**

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**Introduced by Senator DeSaulnier**  
*(Coauthor: Assembly Member Lowenthal)*

February 19, 2014

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An act to add and repeal Chapter 7 (commencing with Section 3090) of Division 2 of, and to repeal Chapter 7 (commencing with former Section 3100) of Division 2 of, the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

SB 1077, as amended, DeSaulnier. Vehicles: mileage-based fee pilot program.

Existing law establishes the Transportation Agency, which consists of the Department of the California Highway Patrol, the California Transportation Commission, the Department of Motor Vehicles, the Department of Transportation, the High-Speed Rail Authority, and the Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun.

This bill would establish a Mileage-Based Fee (MBF) Task Force within the California Transportation Commission, as specified. The bill would require the task force to study MBF alternatives to the gas tax and to make recommendations to the Department of Transportation and the commission on the design of a pilot program, as specified. The bill would also authorize the task force to make recommendations on the criteria to be used to evaluate the pilot program. The bill would require the task force to consult with specified entities and to consider certain

factors in carrying out its duties. The bill would require the Transportation Agency, based on the recommendations of the task force, to develop and implement a pilot program by January 1, 2016, to identify and evaluate issues related to the potential implementation of a MBF program in California. The bill would require the agency to prepare and submit a report of its findings to the task force, the commission, and the appropriate fiscal and policy committees of the Legislature by no later than June 30, 2017, as specified. The bill would also require the commission to include its recommendations regarding the pilot program in its annual report to the Legislature, as specified. The bill would repeal these provisions on January 1, 2018.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) An efficient transportation system is critical for California's
- 4 economy and quality of life.
- 5 (b) The revenues currently available for highways and local
- 6 roads are inadequate to preserve and maintain existing
- 7 infrastructure and to provide funds for improvements that would
- 8 reduce congestion and improve service.
- 9 (c) The gas tax is an ineffective mechanism for meeting
- 10 California's long-term revenue needs for all of the following
- 11 reasons because it will steadily generate less revenue as cars
- 12 become more fuel efficient and alternative sources of fuel are
- 13 identified. By 2030, as much as half of the revenue that could have
- 14 been collected will be lost to fuel efficiency. Additionally, bundling
- 15 fees for roads and highways into the gas tax makes it difficult for
- 16 users to understand the amount they are paying for roads and
- 17 highways.
- 18 (d) Other states have begun to explore the potential for a
- 19 mileage-based fee to replace traditional gas taxes, including the
- 20 State of Oregon, which established the first permanent road user
- 21 fee program in the nation.
- 22 (e) A mileage-based fee program has the potential to distribute
- 23 the gas tax burden across all vehicles regardless of fuel source and
- 24 to minimize the impact of the current regressive gas tax structure.

1 (f) Experience to date in other states across the nation  
2 demonstrates that mileage-based user fees can be implemented in  
3 a way that ensures data security and maximum privacy protection  
4 for drivers.

5 (g) It is therefore important that the state begin to explore  
6 alternative revenue sources that may be implemented in lieu of the  
7 antiquated gas tax structure now in place.

8 (h) *Any exploration of alternative revenue sources shall take*  
9 *into account the privacy implications, especially those of location*  
10 *data, which need not be personally identifiable to raise serious*  
11 *privacy concerns because studies have shown it is easy to*  
12 *reidentify.*

13 SEC. 2. Chapter 7 (commencing with Section 3090) is added  
14 to Division 2 of the Vehicle Code, to read:

15  
16 CHAPTER 7. MILEAGE-BASED FEE PILOT PROGRAM  
17

18 3090. (a) The Mileage-Based Fee (MBF) Task Force is hereby  
19 established within the California Transportation Commission.

20 (b) The purpose of the task force is to guide the development  
21 and evaluation of a pilot program to assess the potential for  
22 mileage-based revenue collection for California's roads and  
23 highways as an alternative to the gas tax system.

24 (c) The task force shall consist of ~~14~~ 15 members, as follows:

25 (1) Two members of the Assembly, appointed by the Speaker  
26 of *the* Assembly.

27 (2) Two members of the Senate, appointed by the Senate  
28 Committee on Rules.

29 (3) Two members of the commission, appointed by the  
30 chairperson of the commission.

31 (4) ~~Eight~~ *Nine* members appointed by the Governor. In making  
32 these appointments, the Governor shall consider individuals who  
33 are representative of the telecommunications industry, highway  
34 user groups, the data security and privacy industry, ~~the~~  
35 ~~transportation research community,~~ *privacy rights advocacy*  
36 *organizations, regional transportation agencies,* and national  
37 research and policymaking bodies, including, but not limited to,  
38 the Transportation Research Board and the American Association  
39 of State Highway and Transportation Officials.

1 (d) Members of the task force are entitled to compensation and  
2 expenses as authorized by the commission.

3 (e) The Department of Transportation shall provide staff to the  
4 task force.

5 (f) The task force shall study MBF alternatives to the gas tax.  
6 The task force shall gather public comment on issues and concerns  
7 related to the pilot program and shall make recommendations to  
8 the department and the commission on the design of a pilot  
9 program to test alternative MBF approaches. The task force may  
10 also make recommendations to the department and the commission  
11 on the criteria to be used to evaluate the pilot program.

12 (g) In studying alternatives to the current gas tax system and  
13 developing recommendations on the design of a pilot program to  
14 test alternative MBF approaches pursuant to subdivision (f), the  
15 task force shall take all of the following into consideration:

16 (1) The availability, adaptability, reliability, and security of  
17 methods that might be used in recording and reporting highway  
18 use.

19 (2) The necessity of protecting all personally identifiable  
20 information used in reporting highway use.

21 (3) The ease and cost of recording and reporting highway use.

22 (4) The ease and cost of administering the collection of taxes  
23 and fees as an alternative to the current system of taxing highway  
24 use through motor vehicle fuel taxes.

25 (5) Effective methods of maintaining compliance.

26 (6) *The ease of reidentifying location data, even when personally*  
27 *identifiable information has been removed from the data.*

28 (7) *Risks for privacy concerns when used with other*  
29 *technologies, such as automatic license plate readers.*

30 (8) *Public and private agency access, including law*  
31 *enforcement, to data collected and stored for purposes of the MBF*  
32 *to ensure individual privacy rights are protected pursuant to*  
33 *Section 1 of Article I of the California Constitution.*

34 (h) The task force shall consult with highway users and  
35 transportation stakeholders, including representatives of vehicle  
36 users, vehicle manufacturers, and fuel distributors as part of its  
37 duties pursuant to subdivision (g).

38 3091. (a) Based on the recommendations of the MBF Task  
39 Force, the Transportation Agency shall develop and implement,  
40 by January 1, 2016, a pilot program to identify and evaluate issues

1 related to the potential implementation of an MBF program in  
2 California.

3 *(b) At a minimum, the pilot program shall accomplish all of the*  
4 *following:*

5 *(1) Analyze alternative means of collecting road usage data,*  
6 *including at least one alternative that does not rely on electronic*  
7 *vehicle location data.*

8 *(2) Collect a minimum amount of personal information including*  
9 *location tracking information, necessary to implement the MBF*  
10 *program.*

11 *(3) Ensure that processes for collecting, managing, storing,*  
12 *transmitting, and destroying data are in place to protect the*  
13 *integrity of the data and safeguard the privacy of drivers.*

14 *(c) The agency shall not disclose, distribute, make available,*  
15 *sell, access, or otherwise provide for another purpose, personal*  
16 *information or data collected through the MBF program to any*  
17 *private entity or individual unless authorized by a court order, as*  
18 *part of a civil case, by a subpoena issued on behalf of a defendant*  
19 *in a criminal case, by a search warrant, or in aggregate form with*  
20 *all personal information removed for the purposes of academic*  
21 *research.*

22 3092. (a) The Transportation Agency shall prepare and submit  
23 a report of its findings based on the results of the pilot program to  
24 the MBF Task Force, the California Transportation Commission,  
25 and the appropriate policy and fiscal committees of the Legislature  
26 by no later than June 30, 2017. The report shall, include, but not  
27 be limited to, a discussion of all of the following issues:

28 (1) Cost.

29 (2) Privacy, *including recommendations regarding public and*  
30 *private access, including law enforcement, to data collected and*  
31 *stored for purposes of the MBF to ensure individual privacy rights*  
32 *are protected pursuant to Section 1 of Article I of the California*  
33 *Constitution.*

34 (3) Jurisdictional issues.

35 (4) Feasibility.

36 (5) Complexity.

37 (6) Acceptance.

38 (7) Use of revenues.

1 (8) Security and compliance, *including a discussion of processes*  
2 *and security measures necessary to minimize fraud and tax evasion*  
3 *rates.*

4 (9) *Data collection technology, including a discussion of the*  
5 *advantages and disadvantages of various types of data collection*  
6 *equipment and the privacy implications and considerations of the*  
7 *equipment.*

8 ~~(9)~~

9 (10) Potential for additional driver services.

10 ~~(10)~~

11 (11) Implementation issues.

12 (b) The California Transportation Commission shall include its  
13 recommendations regarding the pilot program in its annual report  
14 to the Legislature as specified in Sections 14535 and 14536 of the  
15 Government Code.

16 3093. This chapter shall remain in effect only until January 1,  
17 2018, and as of that date is repealed, unless a later enacted statute,  
18 that is enacted before January 1, 2018, deletes or extends that date.

19 SEC. 3. Chapter 7 (commencing with former Section 3100) of  
20 Division 2 of the Vehicle Code is repealed.